

SERFF Tracking Number: MGCA-127363383 State: Arkansas
 Filing Company: The Mega Life and Health Insurance Company - State Tracking Number: 49523
 ICA
 Company Tracking Number: AR MEGA IND SUPPLEMENTAL INFORCE PLANS 201110 AR MEGA 15828
 TOI: H07I Individual Health - Specified Disease - Sub-TOI: H07I.002A Dread Disease - Cancer Only
 Limited Benefit
 Product Name: AR MEGA IND Supplemental Inforce Plans
 Project Name/Number: /

Filing at a Glance

Company: The Mega Life and Health Insurance Company - ICA
 Product Name: AR MEGA IND Supplemental Inforce Plans SERFF Tr Num: MGCA-127363383 State: Arkansas
 TOI: H07I Individual Health - Specified Disease - Limited Benefit SERFF Status: Closed-Approved- Closed State Tr Num: 49523
 Sub-TOI: H07I.002A Dread Disease - Cancer Only Co Tr Num: AR MEGA IND SUPPLEMENTAL INFORCE PLANS 201110 AR MEGA 15828 State Status: Approved-Closed
 Filing Type: Rate Reviewer(s): Rosalind Minor
 Authors: Sergei Mordovine, Chanel Orallo, Sommay Khounlo, Jennifer Schilb Disposition Date: 08/16/2011
 Date Submitted: 08/10/2011 Disposition Status: Approved-Closed
 Implementation Date Requested: On Approval Implementation Date:
 State Filing Description:

General Information

Project Name: Status of Filing in Domicile: Pending
 Project Number: Date Approved in Domicile:
 Requested Filing Mode: Review & Approval Domicile Status Comments: Our state of domicile is Oklahoma.
 Explanation for Combination/Other: Market Type: Individual
 Submission Type: New Submission Individual Market Type:
 Overall Rate Impact: Filing Status Changed: 08/16/2011
 State Status Changed: 08/16/2011
 Deemer Date: Created By: Chanel Orallo
 Submitted By: Chanel Orallo Corresponding Filing Tracking Number:
 Filing Description:
 The purpose of this filing is to revise rating factors for inforce policy and certificate holders to reflect experience.

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These revisions on inforce business will increase the benefits payable for a given premium rate and would represent an effective reduction in rates; however, MEGA intends to provide inforce policy and certificate holders with an alternative increased benefit option such that no net change in premium will result. Advance notification of this change will be provided subject to state requirements, and policy and certificate holders will have the opportunity to retain their previous benefit options at a reduced premium if they elect to do so. These products are marketed today in a very limited number of states and rate changes for new business in these states will be filed separately.

Company and Contact

Filing Contact Information

Chanel Orallo, chanel.orallo@healthmarkets.com
 9151 Boulevard 26 817-255-6427 [Phone]
 North Richlan Hills, TX 76180

Filing Company Information

The Mega Life and Health Insurance Company CoCode: 97055 State of Domicile: Oklahoma
 - ICA
 9151 Boulevard 26 Group Code: 264 Company Type:
 North Richland Hills, TX 76180 Group Name: State ID Number:
 (817) 255-3100 ext. [Phone] FEIN Number: 59-2213662

Filing Fees

Fee Required? Yes
 Fee Amount: \$25.00
 Retaliatory? Yes
 Fee Explanation:
 Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
The Mega Life and Health Insurance Company	\$25.00	08/10/2011	50529050
- ICA			
The Mega Life and Health Insurance Company	\$25.00	08/16/2011	50652518
- ICA			

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved-Closed	Rosalind Minor	08/16/2011	08/16/2011

Objection Letters and Response Letters

Objection Letters				Response Letters		
Status	Created By	Created On	Date Submitted	Responded By	Created On	Date Submitted
Pending Industry Response	Rosalind Minor	08/16/2011	08/16/2011	Chanel Orallo	08/16/2011	08/16/2011

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Disposition

Disposition Date: 08/16/2011

Implementation Date:

Status: Approved-Closed

Comment:

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where required):	Minimum % Change (where required):
The Mega Life and Health Insurance Company - ICA	%	%	\$	8	\$	%	%

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Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Health - Actuarial Justification	Approved-Closed	No
Supporting Document	Cover Letter	Approved-Closed	Yes
Supporting Document	Rate History	Approved-Closed	Yes
Rate	AR MEGA IND Inforce Supplementals Rates	Approved-Closed	Yes

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Objection Letter

Objection Letter Status Pending Industry Response
Objection Letter Date 08/16/2011
Submitted Date 08/16/2011
Respond By Date
Dear Chanel Orallo,

This will acknowledge receipt of the captioned filing.

Objection 1
- AR MEGA IND Inforce Supplementals Rates, [] (Rate)
Comment:

Our filing fees under Rule and Regulation 57 have been updated. Please review the General Instructions for ArkansasLH or Rule and Regulation 57.

The fee for this submission is \$50.00 per form for a total of \$50.00. Please submit an additional \$25.00 for this submission.

We will begin our review of this submission upon receipt of the additional filing fee.

Please feel free to contact me if you have questions.
Sincerely,
Rosalind Minor

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Response Letter

Response Letter Status Submitted to State
Response Letter Date 08/16/2011
Submitted Date 08/16/2011

Dear Rosalind Minor,

Comments:

Thank you for reviewing our filing.

Response 1

Comments: An additional \$25.00 fee has been submitted.

Related Objection 1

Applies To:

- AR MEGA IND Inforce Supplementals Rates, [] (Rate)

Comment:

Our filing fees under Rule and Regulation 57 have been updated. Please review the General Instructions for ArkansasLH or Rule and Regulation 57.

The fee for this submission is \$50.00 per form for a total of \$50.00. Please submit an additional \$25.00 for this submission.

We will begin our review of this submission upon receipt of the additional filing fee.

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

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Rate Information

Rate data applies to filing.

Filing Method: SERFF

Rate Change Type: Decrease

Overall Percentage of Last Rate Revision: 0.000%

Effective Date of Last Rate Revision:

Filing Method of Last Filing:

Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where required):	Minimum % Change (where required):
The Mega Life and Health Insurance Company - ICA	%	%		8		%	%

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Rate/Rule Schedule

Schedule Item Status:	Document Name:	Affected Form Numbers: (Separated with commas)	Rate Action: Action:*	Rate Action Information:	Attachments
Approved-Closed 08/16/2011	AR MEGA IND Inforce Supplementals Rates		New		AR MEGA IND Inforce Supplementals Rates 8.10.11.pdf

THE MEGA LIFE AND HEALTH INSURANCE COMPANY

Cancer Policy 26055-IP (5/07) AR

Policy Fee [\$25.00]

**Monthly Bank Draft Rates
Formula (Base Rate * Benefit Factor)**

Age	Tobacco		Non-Tobacco	
	Male	Female	Male	Female
Child	\$2.00	\$2.00	\$2.00	\$2.00
18-24	\$3.00	\$5.00	\$2.00	\$3.00
25-29	\$3.00	\$10.00	\$2.00	\$6.00
30-34	\$3.00	\$11.00	\$2.00	\$7.00
35-39	\$5.00	\$14.00	\$3.00	\$8.00
40-44	\$8.00	\$17.00	\$5.00	\$10.00
45-49	\$13.00	\$21.00	\$8.00	\$12.00
50-54	\$20.00	\$25.00	\$12.00	\$15.00
55-59	\$30.00	\$30.00	\$17.00	\$18.00
60-64	\$40.00	\$34.00	\$23.00	\$20.00

Benefit Factors	
\$10,000	0.500
\$20,000	1.000
\$30,000	2.000
\$40,000	3.000
\$50,000	4.000
\$60,000	5.000

For premium modes other than monthly bank draft, multiply by 11 for annual, 6 for semi-annual, 3 for quarterly, or add \$9.00 for monthly direct bill.

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Supporting Document Schedules

	Item Status:	Status Date:
Satisfied - Item: Health - Actuarial Justification	Approved-Closed	08/16/2011
Comments:		
Attachment:		
AR MEGA IND Inforce Supplementals Act Memo 8.10.11.pdf		

	Item Status:	Status Date:
Satisfied - Item: Cover Letter	Approved-Closed	08/16/2011
Comments:		
Attachment:		
AR MEGA IND Inforce Supplementals Cover Letter 8.10.11.pdf		

	Item Status:	Status Date:
Satisfied - Item: Rate History	Approved-Closed	08/16/2011
Comments:		
Attachment:		
AR MEGA IND Inforce Supplementals Rate History 8.10.11.pdf		

8/10/2011

Ms. Rosalind Minor
Arkansas Insurance Department
1200 West Third Street
Little Rock AR 72201-1904

Re: The MEGA Life and Health Insurance Company
Company NAIC # 264-97055
Company FEIN # 59-2213662
Forms: 26055-IP (5/07) AR Cancer Benefit Policy

Dear Ms. Minor:

The MEGA Life and Health Insurance Company (hereinafter, "MEGA") respectfully submits rates for your information for the above referenced certificate and policy forms. These forms are all supplemental health business and are therefore not subject to the Patient Protection and Affordable Care Act.

Purpose and Scope

The purpose of this filing is to revise rating factors for inforce policy and certificate holders to reflect experience. The revised rates will be effective on 10/1/2011, or upon approval if later.

These revisions on inforce business **will increase the benefits payable for a given premium rate** and would represent an **effective reduction in rates**; however, MEGA intends to provide inforce policy and certificate holders with an alternative increased benefit option such that no net change in premium will result. Advance notification of this change will be provided subject to state requirements, and policy and certificate holders will have the opportunity to retain their previous benefit options at a reduced premium if they elect to do so. These products are marketed today in a very limited number of states and rate changes for new business in these states will be filed separately.

Rate Reductions on Inforce Business

The benefit increases/rate reductions for inforce policy and certificate holders in this filing are described in the chart below:

Form	Description	Benefit Change Increase	Estimate % Benefit Increase
26055-IP	Cancer Benefit Policy	Add \$10,000 to Maximum Benefit Amount	77%

Although we believe the current premium rates for these products are well in line with the rest of the industry, the experience on this business has not fully developed as expected. Our analysis suggests that this has occurred for several reasons:

1. In the past, MEGA most often issued these supplemental health forms concurrently with and secondary to a fully underwritten medical plan as allowed in your state. If the applicant was denied medical coverage in underwriting, he or she most often declined to take any supplemental coverage as well. Thus, the risk for business issued under these forms was quite constrained.
2. These supplemental plans typically accompanied underwritten medical plans with limited benefits. These limited benefits drove high lapse rates on both the medical and the supplemental plans (particularly among those that are less healthy than average), resulting in average lives of the business less than two years, and those persisting beyond two years having lower than expected utilization.

**The MEGA Life and Health
Insurance CompanySM**

A HealthMarketsSM Company
Health protection that fits *your* life.

9151 Boulevard 26
North Richland Hills
Texas, 76180

It appears that the short average life of the business has prevented the expected durational selection effect from fully developing in the experience data.

Because the abbreviated life of the business has limited our access to late duration policy data for these plans, we do not have sufficient late duration data to credibly estimate ultimate losses. Therefore, the pricing revisions in this filing conservatively compensate for this low loss experience based on the available data. We will continue ongoing monitoring of the situation and make further revisions if necessary.

If you have any questions, please feel free to contact me.

Sincerely,



Sommay Khounlo
Supervisor, Rate Filings
Phone: (800) 729-2302 x3372
Fax: (817) 255-9274
Email: NRHAct-Comp@HealthMarkets.com

RATE HISTORY

26055-IP (5/07) AR Cancer Benefit Policy

Effective Date	Rate Increase/Decrease
No Rate History	